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## FISCAL IMPACT REPORT

**SPONSOR** Papen                      **DATE TYPED** 03/08/05                      **HB** \_\_\_\_\_

**SHORT TITLE** NMFA Water & Wastewater Project Grants                      **SB** 54/aSCONC/aSFC

**ANALYST** Kehoe

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
NFI				N/A	(See Fiscal Impact Narrative)

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Finance Authority (NMFA)

New Mexico Environment Department (NMED)

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment strikes the appropriation from the title and contents of the bill, and authorizes NMFA to make grants from the water and wastewater project grant fund for the following additional entities and projects: 1) to the El Prado Water and Sanitation District in Taos County for the purchase of water rights and associated administrative costs; and 2) to La Union Mutual Domestic Water Consumers Association in Dona Ana County for a water project.

#### Synopsis of SCONC Amendment

The Senate Conservation Committee amendments to Senate Bill 54 authorize NMFA to make grants for an additional 16 projects from the Water & Wastewater Project Grant Fund.

### Synopsis of Bill

Senate Bill 54 appropriates \$25 million from the general fund to the water and wastewater project grant fund (WWGF) for the purpose of making grants to 18 qualified entities for water and wastewater projects and requests legislative authorization to make the grants.

### Significant Issues

The 1999 Legislature created the WWGF within NMFA for the purpose of awarding grants for water and wastewater projects to qualified entities. The authorization does not guarantee that projects will receive funding. Criteria and rules established by the NMFA governing board and approved by the NMFA Legislative Oversight Committee must be met to qualify for assistance from the WWGF. Current rules provide that grants be limited to \$150,000 for equipment and \$400,000 for capital projects, unless otherwise authorized by law. The funds for the program are derived from the net proceeds of the sale of bonds authorized by law and payable from governmental gross receipts tax. The grant fund is also authorized to receive money appropriated by the legislature as well as other public or private monies.

The WWGF is also used to combine NMFA's low-cost, low-interest rate loan financing with grants for water and wastewater projects. For example, if a qualifying entity is unable to finance a project fully with loan funds, the entity could apply for a partial grant from grant fund and a partial loan from the PPRF. A local match could be determined by a sliding scale based on the applicant's financial capability to repay a portion of the project from local resources.

A provision of the bill states that if a qualified entity listed within the bill has not certified to NMFA the need for a grant from WWGF by the end of fiscal year 2008, the legislative authorization is void.

The bill contains an emergency clause.

### **FISCAL IMPLICATIONS**

The governor's capital outlay recommendation proposes a general fund appropriation totaling \$5 million for the "emergency" water and wastewater grant fund. NMFA may make grants from the water and wastewater project grant fund to qualified entities for emergency public projects without specific authorization by law. Each emergency public project shall be designated as such by NMFA prior to making the grant. The aggregate amount of grants for emergency public projects in any one fiscal year shall not exceed \$3 million.

### **OTHER SUBSTANTIVE ISSUES**

Another 136 entities were authorized for grants from WWGF during the 2004 Legislature. To date, \$61 million has been granted from WWGF for 163 projects statewide.

**LMK/lg**